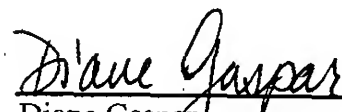


MEMORANDUM OF AGREEMENT
BETWEEN
THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF DEFENSE
OF THE STATE OF ISRAEL
CONCERNING
COMBATING TERRORISM RESEARCH AND DEVELOPMENT

Certified to be a true copy:


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Navy International Programs Office

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PREAMBLE

The Department of Defense of the United States of America (U.S. DoD) and the Ministry of Defense of the State of Israel (Israeli MOD), hereinafter referred to as the "Parties":

Having a common interest in combating terrorism research and development to satisfy common operational requirements;

Seeking to make the best use of their respective research and development capacities, eliminate unnecessary duplication of work and obtain the most efficient and cost-effective results through cooperation in combating terrorism research and development;

Aiming to share both the costs and benefits resulting from the program efforts; and

Desiring to improve combating terrorism capabilities through the application of state-of-the-art and emerging technology;

Have agreed as follows:

ARTICLE I

DEFINITIONS

The Parties have agreed upon the following definitions for terms used in this Memorandum of Agreement (hereinafter the Agreement):

Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or both of the Parties to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Parties. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Party, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Party who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Party's Contracting Agency.
Contractor Support Personnel	Persons specifically identified in support Contracts who provide administrative, managerial, scientific, or technical support

services to a Party under a Contract with that Party that prohibits using information received under the Contract for any other purpose.

Controlled
Unclassified
Information

Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this Agreement, the information shall be marked to identify its "in confidence" nature. U.S. export controlled technical data shall be marked as "International Traffic in Arms Regulations (ITAR) - Controlled". Israeli export controlled technical data shall be marked as "Israeli Controlled Unclassified Information". It could include information, which has been declassified, but remains controlled.

Cost Ceiling

The maximum amount of financial and non-financial contributions which will be dedicated to the Program.

Defense Purposes

Manufacture or other use by or for the armed forces of the Parties. "Other use" shall include the Parties' authorization of other agencies of their respective federal governments to access and use Program Foreground Information for the purpose of combating terrorism.

Designated Security
Authority (DSA)

The security office approved by national authorities to be responsible for the security aspects of this Agreement.

Financial Costs

Program costs met with monetary contributions.

Non-financial Costs

Program costs met with non-monetary contributions.

Party

A signatory to this Agreement represented by its military and civilian personnel. Contractors and Contractor Support Personnel shall not be representatives of a Party

under this Agreement.

Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Program	The cooperative efforts of the Parties under this Agreement, consisting of all of the individual combating terrorism implementing arrangements consisting of Tasks performed under this Agreement.
Program Background Information	Information not generated in the performance of the Program.
Program Equipment	Any materiel, equipment, end item, subsystem, component, Special Tooling or test equipment jointly acquired or provided for use in the Program.
Program Foreground Information	Information generated in the performance of the Program.
Program Information	Any information provided to, generated in, or used in the Program regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, computer software, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.

Program Invention	Any invention or discovery formulated or made (conceived or first actually reduced to practice) in the course of work performed under the Program. The term, "first actually reduced to practice", means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Special Tooling	Jigs, dies, fixtures, molds, patterns, tapes, gauges, other equipment and manufacturing aids, and all components of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services and excluding materiel, special test equipment, facilities (except foundations and similar improvements necessary for installing Special Tooling) general or special machine tools or similar capital items.
Task	A cooperative research and development effort under this Agreement that complies with the objectives in Article II (Objectives) and the scope of work in Article III (Scope of Work) of this Agreement, and which is executed in accordance with a Task Plan.
Task Plan	An implementing arrangement that contains a detailed description of a Task to be accomplished under this Agreement, including a statement of work and provisions regarding the sharing of work, work schedule, costs, and management.
Then Year (TY) Dollars	U.S. Dollars which reflect purchasing power at the time expenditures are actually made. Then Year U.S. Dollars are projected actual amounts to be paid.
Third Party	A government other than the government of a

Party and any person or other entity whose government is not the government of a Party.

ARTICLE II

OBJECTIVES

2.1. The objectives of the Program are:

- 2.1.1. To develop combating terrorism technology and prototype capabilities, equipment, and systems that will help deter, detect, surveil, and identify terrorists, neutralize them and their weapons, and reduce the probability of terrorist incidents by enabling better preparation for and response to them.
- 2.1.2. To evaluate and test existing and newly developed prototype capabilities, equipment and systems.
- 2.1.3. To integrate or adapt existing and newly developed prototype capabilities, equipment and systems to reduce overall developmental costs.

ARTICLE III

SCOPE OF WORK

3.1. The overall work to be undertaken under this Agreement involves the research and development, test and evaluation of prototype combating terrorism technology in the following areas:

- 3.1.1. Developing countermeasures to surveil, detect, prevent, deter, and respond effectively to terrorist acts;
- 3.1.2. Developing capabilities that reduce the vulnerability and enable better preparation and response to terrorist attacks; and
- 3.1.3. For selective Tasks, planning to transition these efforts identified in paragraphs 3.1.1 and 3.1.2 to formal defense acquisition programs.

3.2. Both Parties shall test and evaluate existing and newly developed prototype technology in laboratory, field and operationally relevant settings. Final detailed test reports, to include test data, shall be provided to both Parties.

3.3. Simulated operational exercises and user evaluations may be performed to evaluate and/or define the state of existing and prototype technology.

3.4. Tasks shall be accomplished under implementing arrangements known as Task Plans and shall generally conform to the model in Annex A (Sample Task Plan). Each Task Plan shall include specific provisions concerning the objectives, classification, statement of work, sharing of work, breakdown and schedule of work, financial provisions, management, and principle organizations involved for the applicable Task Plan. The provisions of this Agreement shall govern all activities conducted pursuant to the applicable Task Plans.

ARTICLE IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. The Program shall be directed and administered on behalf of the Parties by an organization consisting of a Steering Committee (SC) and Program Managers (PMs) appointed by the Parties. The SC shall provide policy oversight for the Program. The PMs shall be responsible for the technical execution of the overall Program. The Parties shall maintain and fund their own organizations for managing the Program.

4.2. The SC shall consist of a representative appointed by each Party. The SC shall meet semi-annually, unless otherwise decided by the SC. Each meeting of the SC shall be chaired by the representative of the Party hosting the meeting. Decisions of the SC shall be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative shall refer the issue to a higher authority for resolution. In the meantime, the approved Task Plan shall continue to be implemented without interruption under the direction of the PMs while the issue is being resolved by higher authority.

4.3. The SC shall be responsible for:

- 4.3.1. Exercising executive-level policy oversight of the overall Program.
- 4.3.2. Approving the Task Plans and amendments thereto developed by the PMs.
- 4.3.3. Reviewing the technical progress of the Program against the Task Plans.
- 4.3.4. Reviewing the financial status of the Program to ensure compliance with the provisions of Article V (Financial Provisions).

- 4.3.5. Approving the Financial Management Procedures Document (FMPD) required in paragraph 5.8 of Article V (Financial Provisions).
- 4.3.6. Approving plans developed by the PMs to manage and control the transfer of Program Equipment provided by either Party to support the execution of the Program in accordance with Article VII (Program Equipment).
- 4.3.7. Approving plans developed by the PMs for the disposal of property jointly acquired under this Agreement in accordance with Article VII (Program Equipment).
- 4.3.8. Monitoring Third Party sales and transfers authorized in accordance with Article XII (Third Party Sales and Transfers).
- 4.3.9. Resolving Program issues brought forth by the PMs.
- 4.3.10. Providing oversight of the security aspects of the Program, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Program Security Instruction and a Classification Guide prior to the transfer of Classified Information or Controlled Unclassified Information.
- 4.3.11. Reviewing and forwarding to the Parties for approval recommended amendments to this Agreement in accordance with Article XVIII (Amendment, Termination, Entry Into Force, and Duration).

4.4. A Program office shall be established in the Combating Terrorism Technology Support Office in the United States, and in the DDR&D-MAFAT in Israel. The Assistant Secretary of Defense for Special Operations/Low Intensity Conflict shall appoint the U.S. PM, and the DDR&D-MAFAT of the Israeli MOD shall appoint the Israeli PM. The PMs shall be responsible for implementing this Agreement and for carrying out the overall Program.

4.5. For matters under their cognizance the PMs shall be responsible for:

- 4.5.1. Managing the cost, schedule, performance requirements; and the technical, security, and financial aspects of the overall Program.
- 4.5.2. Developing Task Plans and any amendments thereto for the SC's approval.
- 4.5.3. Executing the financial aspects of the Program in accordance with Article V (Financial Provisions).
- 4.5.4. Preparing and submitting the FMPD for SC approval.
- 4.5.5. Developing and forwarding to the SC a Program Security Instruction and a Classification Guide for the Program within three months after Agreement signature, and implementing them upon final approval.
- 4.5.6. Developing and implementing SC-approved plans to manage and control the transfer of Program Equipment provided by either Party in accordance with Article VII (Program Equipment).
- 4.5.7. Developing and implementing SC-approved plans for the disposal of property jointly acquired under this Agreement in accordance with Article VII (Program Equipment).
- 4.5.8. Referring Program issues to the SC that cannot be resolved by the PMs.

4.6. For each Task, each Party shall appoint a Task Manager, who shall be identified in the Task Plan. The Task Managers shall be responsible for the day-to-day execution of the Task Plan and shall submit quarterly status reports to each PM.

ARTICLE V

FINANCIAL PROVISIONS

5.1. The Parties estimate that the performance of the obligations under this Agreement shall not cost more than a Cost Ceiling of 250 million Then Year (TY) U.S. dollars. The Cost Ceiling may be changed only upon the written agreement of the Parties. The U.S. dollar shall be the reference currency for the Program, and the Program fiscal year shall be the U.S. fiscal year (which commences 1 October and terminates 30 September).

5.2. Each Party shall contribute its equitable share of the full Financial Costs and Non-financial Costs of the Program, including overhead costs, administrative costs, and costs of claims, and shall receive an equitable share of the results of the Program.

5.3. The full Financial Costs and Non-financial Costs of the Program, as identified in this Article of this Agreement, shall be shared according to the following percentages:

Party	Percentage Share
U.S. DoD	50%
Israeli MOD	50%

The Parties recognize that each Task may not reflect the overall 50/50 cost share for the Program. However, over the duration of the Program, the Program shall reflect the 50/50 cost share.

5.4. Military assistance and financing received from the United States Government may not be used by the Israeli MOD to provide its share of the cost of the Program.

5.5. Participation in the Program shall include both financial and non-financial contributions to directly support Program efforts. The financial contributions and non-financial contributions for each Task shall be specified in the Task Plan for that Task.

5.6. Each Party shall bear the costs it incurs for performing, managing, and administering its activities under this Agreement

and all such costs shall be included as part of each Party's contribution to the Program. These costs include salaries, travel and per diem for each Party's Program personnel, as approved by the SC, as well as any Contract costs.

5.7. The following costs are not Program costs and shall be borne entirely by the Party incurring the costs or on whose behalf the costs are incurred:

5.7.1. Costs associated with any unique national requirements identified by a Party.

5.7.2. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this Agreement.

5.8. The PMs shall be responsible for establishing the detailed financial management procedures under which the Program shall operate. These procedures, which must accord with the national accounting and audit requirements of the Parties, shall be detailed in a Financial Management Procedures Document (FMPD) prepared by the PMs and subject to the approval of the SC. Each Party shall fund the Task Plans in accordance with the estimated schedule of financial contributions contained in the FMPD which shall be consistent with paragraph 5.10.

5.9. A Party shall promptly notify the other Party if available funds are not adequate to fulfill its obligations under the Program. If a Party notifies the other Party that it is terminating or reducing its funding for the Program, both Parties shall immediately consult with a view toward continuation on a modified basis.

5.10. The Parties recognize that it may become necessary for one Party to incur contractual or other obligations for the benefit of the other Party prior to the receipt of the other Party's funds. In the event that one Party incurs such obligations, the other Party shall make such funds available in such amounts and at such times as may be required by the Contract or other obligation, and shall pay any damages and costs that may accrue from the performance of, or cancellation of, the Contract or other obligation in advance of the time such payments, damages, or costs are due.

ARTICLE VI

CONTRACTING PROVISIONS

6.1. If either Party determines that Contracting is necessary to fulfill that Party's obligations under Article III (Scope of Work) of this Agreement, that Party shall contract in accordance with its respective national laws, regulations and procedures. Sources from both Parties' industries shall be allowed to compete on an equal basis for such Contracts.

6.2. When one Party individually contracts to perform a task under this Agreement in accordance with paragraph 6.1. of this Article, it shall be solely responsible for its own Contracting and the other Party shall not be subject to any liability arising from such Contracts without its written consent.

6.3. Each Party may, upon request, make use of the other Party's Contracting Agency in the event that Contracting on behalf of the requesting Party or both Parties is required to implement this Agreement. The Contracting Agency so used shall place Contracts in accordance with its respective national laws, regulations, and procedures, with such waivers and deviations as its procedures permit and as deemed necessary to implement this Agreement. Sources from both Parties' industries shall be allowed to compete on an equal basis for such Contracts. The Contracting Party's Contracting Officer shall be the exclusive source for providing contractual directions and instructions to the Contractors.

6.4. For all Contracting activities performed by either Party, the PMs shall develop statements of work prior to the development of solicitations that are consistent with the provisions of this Agreement.

6.5. For Contracting activities performed by either Party, a PM shall be provided, upon request, a copy of Contracts issued by the other Party.

6.6. Each Party's Contracting Agency shall negotiate to obtain the rights to use and disclose Program Information required by Article VIII (Disclosure and Use of Program Information). Each Party's Contracting Agency shall insert into its prospective Contracts (and require its subcontractors to insert in subcontracts) suitable provisions to satisfy the requirements of this Agreement, including Article VIII (Disclosure and Use of

Program Information), Article IX (Controlled Unclassified Information), Article XI (Security), Article XII (Third Party Sales and Transfers), and Article XVII (General Provisions) concerning compliance with the Parties' export control laws and export control regulations.. During the Contracting process, each Party's Contracting Officer shall advise prospective Contractors of their obligation to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or agreement that shall restrict that Party's freedom to disclose information or permit its use. The Contracting Officer shall also advise prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.7. In the event a Party's Contracting Agency is unable to secure adequate rights to use and disclose Program Information as required by Article VIII (Disclosure and Use of Program Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, that Party's PM shall notify the other Party's PM of the restriction(s), and the PMs shall submit the matter to the SC for resolution.

6.8. The transfer of export-controlled information furnished by one Party shall be authorized by the Government of the furnishing Party only to those Contractors of the other Party who shall limit the end use of the information received for the sole purpose of furthering the purposes authorized under this Agreement. The Parties shall establish legal arrangements with their Contractors to ensure that their Contractors do not retransfer or otherwise use export controlled information for any purpose other than the purposes authorized under this Agreement. Such legal arrangements shall also provide that the Contractor shall not retransfer the export-controlled information to another Contractor without the Government of the furnishing Party's consent.

6.9. Each Party's PM shall promptly advise the other Party's PM of any cost growth, schedule delay, or performance problems of any Contractor for which its Contracting Agency is responsible.